

State of Alaska FY2008 Governor's Operating Budget

Department of Transportation/Public Facilities International Airport Systems Office Component Budget Summary

Component: International Airport Systems Office

Contribution to Department's Mission

Provide relevant and reliable financial information to the international airport system.

Core Services

- Set rates and charges for air carriers serving the Alaska International Airport System (AIAS), including Ted Stevens Anchorage International Airport (ANC) and Fairbanks International Airport (FAI).
- Ensure appropriate accounting and financial policies and procedures are in place for the airport system.
- Arrange for and oversee the annual audit by independent Certified Public Accountants.
- Provide uniform fee structures for use of the airports' facilities and services.
- Assist in the negotiation of the airport operating agreement and in the implementation and monitoring of its requirements.
- Monitor capital project funding needs for the airport system and financing alternatives.
- Coordinate AIAS revenue bond issues.

FY2008 Resources Allocated to Achieve Results

FY2008 Component Budget: \$998,500	Personnel:	
	Full time	4
	Part time	0
	Total	4

Key Component Challenges

In an effort to improve its long-term financial planning, the AIAS will work with system airports to refine capital improvement programs through 2015. To augment this goal, the AIAS began drafting a system debt policy during FY2006. This document, in combination with near-term updates of the airports' master plans, will provide the foresight to identify both infrastructure requirements and viable funding sources over the next 10 years. The existence of an updated CIP allows personnel to devote more time to individual project management and minimize that spent on long-range and prototype planning. The AIAS will continue to refine this plan during FY08.

Nearly half of the AIAS operating budget funds a contract with AvAirPros, technical consultants who represent the interests of AIAS signatory airlines. The AIAS also manages a contract for like consultants who serve the State on use and lease negotiations, revenue bond issues and day to day matters regarding airline rates and fees. The AIAS must continue to indiscriminately administer these contracts and cultivate the best possible relations between the State of Alaska and the airlines which serves its citizens.

The AIAS airports will undertake two large terminal projects and a number of other smaller though substantial projects during the next 3-4 years. The AIAS controller must be closely involved in the financing of these projects, particularly in managing funds from revenue sources which affect airline rates, such as revenue bond, passenger facility charges (PFC's), and international airport revenue funds. Ensuring airline approval and adequate legislative authority for the AIAS capital program is paramount to completing individual projects on time and within budget.

Significant Changes in Results to be Delivered in FY2008

No significant changes are anticipated.

Major Component Accomplishments in 2006

Issued \$344 million in general airport revenue bonds, providing the resources to begin significant terminal and airfield projects at the Ted Stevens Anchorage and Fairbanks International Airports. Obtained AIAS debt issue credit rating upgrades from all three national credit rating agencies in February 2006.

Initiated negotiations with AIAS signatory airlines for a new operating use and lease agreement, with a planned effective date of July 1, 2007.

Completed the final year of ANC's and FAI's initial passenger facility charge (PFC) programs and initiated new PFC applications. These programs proved highly successful, providing each airport with additional capital to fund passenger-related capital improvements.

Statutory and Regulatory Authority

FAR Part 108, 612
AS 18 Health/Safety
AS 37.15.430

Contact Information
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**International Airport Systems Office
Component Financial Summary**

All dollars shown in thousands

	FY2006 Actuals	FY2007 Management Plan	FY2008 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	244.1	325.9	370.6
72000 Travel	10.2	23.0	23.0
73000 Services	637.7	590.0	590.0
74000 Commodities	3.1	4.1	4.1
75000 Capital Outlay	0.0	10.8	10.8
77000 Grants, Benefits	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	895.1	953.8	998.5
Funding Sources:			
1027 International Airport Revenue Fund	895.1	953.8	998.5
Funding Totals	895.1	953.8	998.5

**Summary of Component Budget Changes
From FY2007 Management Plan to FY2008 Governor**

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2007 Management Plan	0.0	0.0	953.8	953.8
Adjustments which will continue current level of service:				
-FY 08 Health Insurance Increases for Exempt Employees	0.0	0.0	0.2	0.2
Proposed budget increases:				
-FY 08 Retirement Systems Rate Increases	0.0	0.0	44.5	44.5
FY2008 Governor	0.0	0.0	998.5	998.5

**International Airport Systems Office
Personal Services Information**

Authorized Positions			Personal Services Costs	
	<u>FY2007</u> <u>Management</u> <u>Plan</u>	<u>FY2008</u> <u>Governor</u>		
Full-time	4	4	Annual Salaries	208,279
Part-time	0	0	Premium Pay	0
Nonpermanent	0	0	Annual Benefits	165,183
			<i>Less 0.77% Vacancy Factor</i>	(2,862)
			Lump Sum Premium Pay	0
Totals	4	4	Total Personal Services	370,600

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Accountant II	1	0	0	0	1
Accountant IV	1	0	0	0	1
Accounting Clerk I	1	0	0	0	1
Intl Airpts Controller	1	0	0	0	1
Totals	4	0	0	0	4